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Bill before Senate would create tax incentives for farmland preservation

LANSING – Farmers who preserve their farmland could be eligible for tax credits under legislation approved today by the Senate Agriculture, Forestry and Tourism Committee, announced Sen. Gerald Van Woerkom, committee chairman.

“More than a quarter of our state’s land is covered by farmland, but that number is shrinking at a rate of seven acres an hour,” said Van Woerkom, R-Norton Shores. “If we are to preserve Michigan’s rich agricultural heritage, we must help farmers keep their land and resist pressure to develop it.”

House Bill 5030 would allow owners of farmland to apply to their local government to establish an agricultural district. Local governments would be required to develop a comprehensive land-use plan before entering into such an agreement. This would allow farmers to enter into a 20-year contract with the state to preserve their farmland. In exchange, farmers would be eligible for a tax credit representing the difference between the property taxes on the land and \$5 per acre.

Agriculture is Michigan’s second-largest industry. Since 1982, more than 1.5 million acres of farmland have been lost to development, primarily because the land’s development value is increasing faster than the land’s agricultural value.

Michigan is one of the only states in the country that taxes its farmland at its highest and best-use value rather than the agricultural value of the land. This bill helps remedy that situation.

HB 5030 is a result of recommendations put forth by the governor’s Land Use Task Force Report.

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